

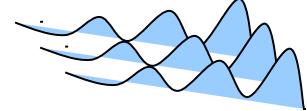
Presentation to RM Conference

The Third Wave

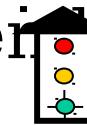
air, Non-Core Competencies Working Group
3 December 2002



Agenda



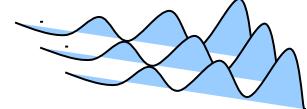
- Background (First and Second Waves)
- President's Management Agenda
- Background (Third Wave)
- Competitive Sourcing Targets
- SecArmy Third Wave Memo
- Results of 1st and 2nd Waves
- Current Non-Core Spaces
- MACOM Role
- How Many of the 214K Jobs Will be Included
- Summary



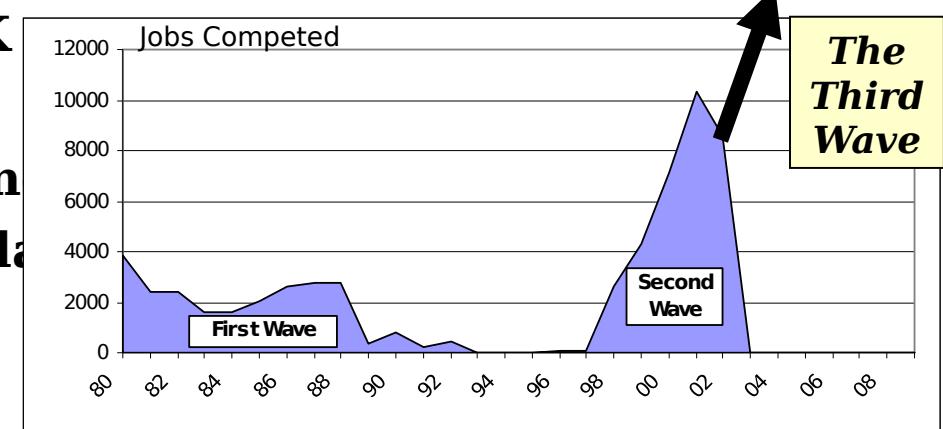


Background

First & Second Waves

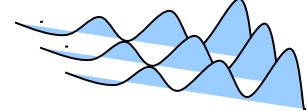


- **First Wave**
 - **1979 first publication of OMB Circular A-76**
 - **Completed studies of 25K**
 - **Curtailed by two laws**
 - **1989 Nichols Amendment**
 - **1990 "2-year / 4-year law"**
- **Second Wave**
 - **1995 - DepSecDef IPT with Service Under Secretaries and Vice Chiefs**
 - **1996 - First A-76 Studies Started**
 - **1997 - Commitment to QDR to study 56K spaces (48K civ, 8K mil)**
 - **1997 - Reprogrammed \$3.2B savings from OMA to Force Modernization**
 - ***We did it to ourselves***





President's Management Agenda (PMA)

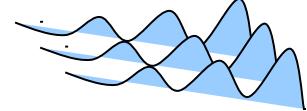


- President Issued Management Agenda (PMA) with five gov't-
- Effectiveness is scored red, yellow, or green for both status a
- Initiatives and DoD's current scores:

Initiative	Status	Progr
Human Capital	Yellow	Green
Competitive Sourcing	Red	Yellow
Improved Financial Management	Red	Green
Budget and Performance Integration	Red	Green
Expanded e-Government	Red	Green



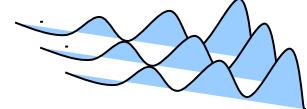
Background Third Wave



- OMB Directs
 - Mar & Jul 01 - All agencies compete 5% of FAIR Inventory by F02; 15% by FY03
 - Oct 01 - 50% of FAIR (*President's Management Agency* (PMA))
- Action Passes to BIC
 - Aug 01 - OSD staffs memo 20K spaces per year
 - Services and BIC non-concur
 - BIC works with OMB
- DoD Actions
 - Dec 01 - BIC Chair memo to OMB non-concurs with 50% target
 - Jan 01 - USD(P&R) meets with OMB
 - Feb 02 - USD(P&R) agrees to 226K (50% FAIR)
- OSD SEC Actions
 - Apr 02 - “incorporate plans into POMs as soon as possible”
 - Sep 02 - allocates 77K of 226K to Army



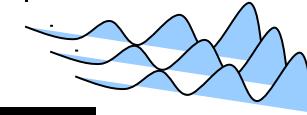
Competitive Sourcing Targets



DoD's Target	226K
Army's Target	77K
Minus Credit	<u>-28K</u>
Remaining Target	49K



4 Oct SecArmy Third Wave Memo

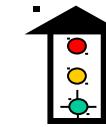


What

- Time-phased Competition & Privatization Implementation Plan, including:
 - All non-core (not just BASOPS, like 1st/2nd waves)
 - 214K spaces (155K ci**Wh0**K mil)
- 29 ~~minus~~ Exemption Requests to approved ASA(M&RA) to convert to core (extended to 15 Jan 03)
 - 21 Jan (extended to 21 Feb 03) - Deadline for ASA(M&RA) approval
 - Feb - Brief ESC
 - Feb - Brief EOQ

Why

- Free leaders to focus energies & talents on core competencies
- Aggressively support PMA



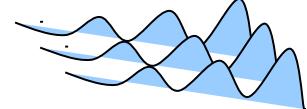
Free resources for How
~~GWOT~~ Subdivide all non-core functions into ~~marketable~~ “packages”

- Determine when (FY03-09)
- Determine process to use
 - Divest, privatize, A-76,

Who
HQDA Functional military conversion, Proponents in transfer
conjunction with NCCWG and



Competitive Results of 1st and 2nd Waves

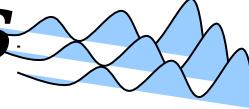


	<u>Spaces Studied</u>	<u>Military Freed Up</u>	<u>Annual Savings \$ (%)</u>
1 st Wave Completed	25.0K	2.0K	\$366M (30%)
2 nd Wave Initiated	32.7K	3.7K	TBD
• Completed	14.1K	.8K	\$250M (36%)
• Tentative*	12.3K	1.5K	TBD

Tentative Decisions = Appeals, protests, or notification to Congress pending.⁸



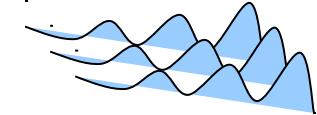
Current Non-Core Spaces



These are the spaces currently being considered for exemption.

Function	Military	Civilian
Logistics	18,402	35,122
Civil Works	318	32,269
Financial Mgt	1,879	3,581
Installation Mgt	1,314	22,012
Personnel	18,065	9,839
Operations	12,952	22,304
Medical	916	15,094
Military History	2	260
Intelligence	712	2,349
Legal	373	638
Information Mgt	3,059	9,716
Inspector General	292	93
Auditor General	0	954
Public Affairs	443	679
TOTAL ARMY	58,727	154,910

(Includes Civil Works)

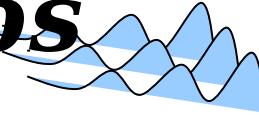


MACOM ROLE

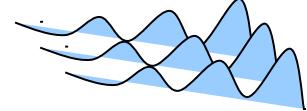
- SecArmy gave the HQDA Principal Officials (Functional Proponents) this action
- Need MACOMs to assist the HQDA Principal Officials (Functional Proponents) to prepare the best product



How Many of the 214K Jobs Will Be Included in the Implementation Plans?



- 50K? 77K? 100K? 150K?
- The answer will not be known until . . .
(depends on ASA(MRA) review and
approval of exemption
requests)



Summary

- 214K (current non-core spaces) is starting point
- Size of Third Wave will depend on exemption process
- Third Wave process will result in a plan for FY03-09 now, not annually
- Looking at all spaces now is the best plan